

Britain Beats U.S. On \$300 Million Saudi Arms Deal

By Joe Alex Morris Jr.

BEIRUT, Lebanon, Dec. 10 — Britain has snared a lucrative international arms deal from American competitors who only a month ago thought they had it all sewed up.

It is a package air defense system for Saudi Arabia worth \$300 million immediately and well over \$500 million in the long run. Politically, it means the British will take over the Saudi air force training mission now operated by the United States and perhaps make further inroads into American influence there.

The Saudi Defense Minister signed a letter of intent Tuesday to buy the British package. It appears to have ended two years of intense competition in which the Americans had the inside track until the last minute.

Exactly why the Saudis switched is not clear. One reason appears to have been tepid official U.S. support for the American package. According to officials who were in on the bargaining, the Saudi government at one point thought the U.S. Government actually was supporting the British offer over the American bid.

The major American firms involved included Lockheed, which wanted to sell the Saudis some F-104 jet fighters, Bendix and Page Communications, which were doing the radar and communications links, Cessna for the jet trainers and Raytheon for the Hawk ground-to-air missiles.

The Saudis are still interested in buying the Hawks, which would add another \$100 million to the package price. But now the British are repeatedly trying to replace the Hawks with British-made Thunderbird missiles.

In protracted negotiations, the American manufacturers finally offered to match the British price. Washington also met Saudi requests that a U.S. Government financing pro-

gram be stretched over 14 years.

The Saudis had wanted to buy American, and they wanted the F-104G. But early in the negotiations they were advised by some American officials to accept the Northrop F-5 instead, as an airplane more suited to their needs.

The Saudis insisted on the F-104G, however, and eventually the so-called Lockheed package was cleared by Wash-

ington and the financing arranged.

Meanwhile top British government officials visited Saudi Arabia, trying to persuade the Saudis to buy the more expensive British Lightning Mark 3. They reportedly told the Saudis the F-104 was a dangerous aircraft and showed them crash pictures to prove it. Lockheed officials countered with statistics that they said proved the crash rate was about average.

Then the British came up with the so-called Anglo-American proposal. Before they made it, Britain's Minister of Aviation, Roy Jenkins, wrote to Defense Secretary Robert S. McNamara, asking if he had any objections if the British included the Hawk missile in a new offer to the Saudis. McNamara said no.

The British then took McNamara's go-ahead to the Saudis, and presented it in a meeting attended by the American charge d'affaires. This plus the McNamara message made the Saudis think the United States had switched its support to the "Anglo-American" bid.

Some unhappy officials,



Associated Press

NEW POST — Pavel V. Kovanov, above, former deputy to ousted Soviet deputy premier Alexander N. Shelepin, has been appointed chairman of the People's Control Committee, the newly organized watchdog agency that replaced the body Shelepin had headed.

who were in on the negotiations, termed this only the latest of many instances where the U.S. Government failed to support the American offer.

Possibly the question of expense figured in final Saudi calculations. The Lockheed package was offered at the same price as the British, but in the long run the expenses of carrying the American program would have been higher.